DERRY TOWNSHIP
SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13 - 14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Net Position - Proprietary Funds	21 - 22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Notes to Financial Statements	27 - 68

CONTENTS (Continued)

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information - Schedules of District's Proportionate Share of the Net Pension Liability 69

Required Supplementary Information - Schedules of District's Pension Contributions 70

Required Supplementary Information - Schedules of Changes in OPEB Liability and Related Ratios - District's Single Employer Plan 71

Required Supplementary Information - Schedules of District's Proportionate Share of the Net OPEB Liability - PSERS Cost Sharing Plan 72

Required Supplementary Information - Schedules of District's OPEB Contributions - PSERS Cost Sharing Plan 73

SUPPLEMENTARY INFORMATION

Combining Balance Sheet - Capital Projects Funds 74

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds 75

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 76 - 77

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance 78 - 79

Schedule of Findings and Questioned Costs 80 - 81

Schedule of Expenditures of Federal Awards 82 - 83

Notes to Schedule of Expenditures of Federal Awards 84

Summary Schedule of Prior Year's Audit Findings 85

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Derry Township School District
Hershey, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Derry Township School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Derry Township School District, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84 *Fiduciary Activities*, as of July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, and the required supplementary information as listed in the Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Derry Township School District's basic financial statements. The Combining Balance Sheet - Capital Projects Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds and the accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, listed in the Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Supplementary Information as listed in the Contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as listed in the Contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of Derry Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Derry Township School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Derry Township School District's internal control over financial reporting and compliance.



Camp Hill, Pennsylvania
December 14, 2021

The *Management Discussion and Analysis* (MD&A) provides an overall review and insight into the District's financial activities for the fiscal years ended June 30, 2021 and 2020. This MD&A summarizes the district's financial performance as a whole. Therefore, the reader should also review the entire financial statements, including the Notes to Financial Statements, as well as the independent auditor's transmittal letter, to enhance their understanding of the district's financial performance.

Background

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) Statement No. 34. Certain condensed comparative analyses of financial statements have been presented in these statements.

Pre-GASB No. 34 standards required use of the modified accrual system of accounting for revenues (no receivables/accruals beyond 60 days). In addition, pre-GASB No. 34 standards also did not record depreciation expense on capital assets and did not require reporting of net assets of various funds. GASB No. 34 now requires full accrual of revenue and calculating depreciation on capital assets.

Financial Highlights

In accordance with GASB Statement No. 54, the District has recorded as a Permanent Fund the fair market value of assets held in trust by Fulton Financial Advisors under a bequest made by Milton S. Hershey. As of 2021 and 2020, the value of this fund was $54,012,098 and $43,724,356, respectively. The fund balance is classified as "Nonspendable" due to the restrictive nature of the trust since the District has use of income only.

Also in accordance with GASB 54, the Board of School Directors adopted Policy 620, Fund Balance. This policy classifies the General Fund Balance based on the relative strength of constraints that control the purposes for which specific amounts can be spent. Effective June 30, 2012, fund balances are now reported in the following classifications:

Nonspendable	Amounts that cannot be spent because they are in a nonspendable form (such as inventory and notes receivable).
Restricted	Amounts limited by external parties (grants or donations).
Committed	Amounts limited by Board policy (future anticipated costs).
Assigned	Amounts intended for a particular purpose.
Unassigned	Amounts available for consumption or not restricted in any manner.

Board Policies 625 and 625.1 limit amounts that may be accumulated in the General Fund. Policy 625, Maintenance of Fund Balance, provides that the District shall maintain an unassigned General Fund Balance of not less than 3% of expenditures, and not more than the amount allowed by the Commonwealth of Pennsylvania, currently 8% of budgeted expenditures. Policy 625.1 established a Capital Reserve Fund to support the District's approved Capital Maintenance/Growth Plan, to which funds in excess of the amount determined under Policy 625 is transferred. In accordance with these policies, no unbudgeted transfer occurred as of June 30, 2021, or as of June 30, 2020.

The accompanying Fund Balance Review, on page 5, summarizes General Fund activity for the current and prior year. Unassigned Fund Balance decreased by $1,027,252 and increased $622,407 for the years ended June 30, 2021 and 2020, respectively, after transfers in accordance with Policy 625 noted above.

The District has committed a portion of the General Fund Balance for future state retirement costs and for the District's self-insured medical plan. The committed portion of the General Fund Balance for future retirement costs and for the District's self-insured medical plan is $2,384,692 and $500,000, for year ended June 30, 2021, respectively and $884,692 and $2,000,000 for year ended June 30, 2020, respectively.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020
FUND BALANCE REVIEW

	Nonspendable Inventory & Prepaids	Nonspendable Note Receivable	Committed Retirement Stabilization	Committed Health Benefits	Unassigned General	Total General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Nonspendable Permanent Fund
Fund Balance - 6/30/2019	$ 159,158	$ 266,896	$ 2,384,692	$ 500,000	$ 5,293,780	$ 8,604,526	$ 10,547,517	$ -	$ 43,732,076
2019-2020 Activity Increase (Decrease)	8,102	(64,015)	(1,500,000)	1,500,000	622,407	566,494	(2,446,162)	-	(7,720)
Fund Balance - 6/30/20	167,260	202,881	884,692	2,000,000	5,916,187	9,171,020	8,101,355	-	43,724,356
2020-2021 Activity Increase (Decrease)	(19,230)	(179,455)	(384,692)	384,692	(1,027,252)	(1,225,937)	(2,078,682)	193,459	10,287,742
Fund Balance - 6/30/21	$ 148,030	$ 23,426	$ 500,000	$ 2,384,692	$ 4,888,935	$ 7,945,083	$ 6,022,673	$ 193,459	$ 54,012,098

2020-2021 revenues from all sources, local, state, federal and other exceeded budgeted revenues by $1,676,186, or about 2.63%. Revenue shortfalls occurred in some areas due to effects of the COVID-19 pandemic had on the local Derry Township economy, however overall revenue was up, more than anticipated.

2020-2021 actual expenditures were over budget expenditures by $1,100,195. Actual expenditures exceeded budget due to the unknown expenses needed to educate students during the COVID-19 Pandemic. Additional grants also became available after the 2020-2021 budget was adopted, expense of that grant funding also caused actual expenses to exceed budgeted expenses.

Annual Financial Report

The governmental statements consist of the Statement of Net Assets and the Statement of Activities. These governmental statements combine governmental activities with business-type activities. The governmental activities include most of the District's programs and operations such as instruction, support services, plant operation and maintenance, pupil transportation and extracurricular activities. The business activities include services provided on a charge basis to recover the expenses of the services provided. The food service enterprise fund is reported as a business-type activity.

The Statement of Net Assets is a government-wide statement that summarizes the District's assets and liabilities in their entirety. It includes capital assets, net of a provision for accumulated depreciation, as well as long-term debt (mainly bonds payable).

The Statement of Activities is a government-wide statement that summarizes expenditures among the eight largest functions, as well as each program's net cost (total cost less subsidies, revenues generated by the activity, unrestricted grants and contributions by other organizations). It includes depreciation expense not previously recorded, and interest expense previously reported only in the debt service fund. The Governmental Funds Balance Sheet includes only assets expected to be used or consumed, and liabilities which will be due during the next year. Neither capital assets nor long-term debt are included. Note 1B to the Financial Statements explains the financial statements presentation in detail.

Fund Financial Statements

The Fund Statements present financial information in greater detail than the District-wide statements. Major funds are reported in separate columns, while non-major funds are aggregated and presented in a single column.

Governmental Funds are used to report most of the District's activities and focus on the flow of cash and other assets to and from the funds, and the remaining fund balances at the end of the fiscal year, which are available to be used in future periods. The governmental funds use the modified accrual method of accounting that measures cash and assets that can be readily converted to cash. The governmental funds provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine if there are greater or less financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds is reconciled in the financial statements.

Proprietary Funds are used to report District activities that are similar to business operations in the private sector. The Food Service Fund and the Granada Project Fund are the District's proprietary funds. Proprietary funds use the accrual method of accounting; therefore, proprietary fund reports will match, in all essential respects, the business-type activities portion of the government-wide statements.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, are used to support school programs. The District is a beneficiary under the will of Milton S. Hershey and receives quarterly income distributions calculated annually at approximately 5% of the March 31st market value, in accordance with procedures established by the Pennsylvania Attorney General. The distributions support the overall academic programs of the District.

Fiduciary Funds are those funds that the District is the trustee, or fiduciary. Donations or bequests designated for scholarships are the primary fiduciary funds. Donors specify how the funds may be used. Since the funds may not be used for any other purpose, they are excluded from other District funds because the District is prohibited from using these funds to finance any other activities. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position.

The analysis of the District's major funds provides detailed information about the most significant funds - not the District as a whole. Some funds are required by state statute, while other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's four types of funds: governmental, proprietary, permanent and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020
STATEMENT OF NET POSITION

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows						
Current and other assets	$ 75,895,655	$ 1,266,939	$ 77,162,594	$ 68,149,302	$ 890,320	$ 69,039,622
Capital assets	73,555,725	268,677	73,824,402	75,561,032	339,909	75,900,941
Deferred outflow of resources	16,679,428	336,043	17,015,471	14,788,027	295,615	15,083,642
Total assets and deferred outflows	$ 166,130,808	$ 1,871,659	$ 168,002,467	$ 158,498,361	$ 1,525,844	$ 160,024,205
Liabilities and Deferred Inflows						
Current liabilities	$ 11,205,999	$ 80,353	$ 11,286,352	$ 11,106,684	$ 120,620	$ 11,227,304
Non-current liabilities	136,116,686	2,321,897	138,438,583	135,228,191	2,262,824	137,491,015
Deferred inflows of resources	6,148,318	125,619	6,273,937	4,802,801	97,935	4,900,736
Total liabilities and deferred inflows	$ 153,471,003	$ 2,527,869	$ 155,998,872	$ 151,137,676	$ 2,481,379	$ 153,619,055
Net Position						
Net investment in capital assets	$ 51,515,249	$ 268,677	$ 51,783,926	$ 50,714,009	$ 339,909	$ 51,053,918
Restricted	57,096,835	-	57,096,835	48,699,303	-	48,699,303
Unrestricted	(95,952,279)	(924,887)	(96,877,166)	(92,052,627)	(1,295,444)	(93,348,071)
Total net position	$ 12,659,805	$ (656,210)	$ 12,003,595	$ 7,360,685	$ (955,535)	$ 6,405,150

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020
STATEMENT OF ACTIVITIES

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for services and sales	$ 423,956	$ 890,163	$ 1,314,119	$ 511,991	$ 1,700,928	$ 2,212,919
Operating grants and contributions	14,017,429	642,106	14,659,535	12,751,879	540,871	13,292,750
Total program revenues:	14,441,385	1,532,269	15,973,654	13,263,870	2,241,799	15,505,669
General Revenues, Transfers and Special Item:						
Property taxes	38,251,573	-	38,251,573	38,953,073	-	38,953,073
Act 511 taxes	9,376,433	-	9,376,433	9,876,374	-	9,876,374
State property tax relief	674,204	-	674,204	666,867	-	666,867
Investment earnings	11,994,130	1,473	11,995,603	1,995,177	3,272	1,998,449
Miscellaneous	186,715	-	186,715	128,081	-	128,081
Gain on disposal of fixed assets	-	-	-	81,813	-	81,813
Capital contributions	-	-	-	-	24,100	24,100
Transfers	(413,401)	413,401	-	(26,161)	26,161	-
Total general revenues, transfers and special item	60,069,654	414,874	60,484,528	51,675,224	53,533	51,728,757
Total revenues	74,511,039	1,947,143	76,458,182	64,939,094	2,295,332	67,234,426
Expenses						
Program Expenses:						
Instruction	42,176,953	-	42,176,953	40,946,122	-	40,946,122
Instructional student support	6,486,845	-	6,486,845	6,670,701	-	6,670,701
Administrative and financial support services	7,455,920	-	7,455,920	7,618,603	-	7,618,603
Operation and maintenance of plant services	7,736,315	-	7,736,315	6,377,502	-	6,377,502
Pupil transportation	2,920,371	-	2,920,371	3,045,912	-	3,045,912
Student activities	1,935,760	-	1,935,760	1,784,422	-	1,784,422
Community services	19,353	-	19,353	13,894	-	13,894
Food service	-	1,107,392	1,107,392	-	1,429,932	1,429,932
Granada project	-	540,426	540,426	-	590,603	590,603
Total program expenses	68,731,517	1,647,818	70,379,335	66,457,156	2,020,535	68,477,691
Interest and Fiscal Charges	709,919	-	709,919	729,066	-	729,066
Total expenses	69,441,436	1,647,818	71,089,254	67,186,222	2,020,535	69,206,757
Increase (decrease) in net position	5,069,603	299,325	5,368,928	(2,247,128)	274,797	(1,972,331)
Net position (deficit) - beginning	7,360,685	(955,535)	6,405,150	9,607,813	(1,230,332)	8,377,481
Prior period adjustment	229,517	-	229,517	-	-	-
Net position (deficit) - beginning (as restated)	7,590,202	(955,535)	6,634,667	9,607,813	(1,230,332)	8,377,481
Net position (deficit) - ending	$ 12,659,805	$ (656,210)	$ 12,003,595	$ 7,360,685	$ (955,535)	$ 6,405,150

District Budget

The District's budget is prepared in accordance with Pennsylvania law and is based on accounting for certain transactions based on cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The budgeting system controls expenses by classifying expenses by functional areas and by type of expense. A summary of budget to actual results for 2020-2021, is shown in the review below:

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2021
GENERAL FUND SPENDING REVIEW

	Budgeted Amounts			Variance with
	Original Budget	Final Budget	Actual Amounts	Final Budget Pos (Neg)
REVENUES				
6000 Local Sources	$ 48,500,807	$ 48,500,807	$ 48,632,045	$ 131,238
7000 State Sources	12,432,992	12,432,992	12,299,794	(133,198)
8000 Federal Sources	1,088,500	1,088,500	1,986,163	897,663
9000 Other Financing Sources	1,744,113	1,744,113	2,524,596	780,483
Total Revenues	63,766,412	63,766,412	65,442,598	1,676,186
EXPENDITURES				
1100 Regular Programs	27,483,603	27,479,403	28,369,328	(889,925)
1200 Special Programs	8,117,831	8,117,831	8,140,314	(22,483)
1300 Vocational Programs	1,544,842	1,544,842	1,400,931	143,911
1400 Other Instructional Programs	121,539	121,539	107,046	14,493
1700 Community College	132,242	132,242	131,984	258
2100 Pupil Personnel	2,340,674	2,340,674	2,360,636	(19,962)
2200 Instructional Staff Services	2,618,994	2,618,994	2,345,751	273,243
2300 Administrative Services	4,015,900	4,020,100	3,802,911	217,189
2400 Pupil Health	1,035,326	1,035,326	1,063,498	(28,172)
2500 Business Services	846,148	846,148	861,080	(14,932)
2600 Plant Operation & Maintenance	5,767,125	5,767,125	6,831,306	(1,064,181)
2700 Pupil Transportation	2,822,600	2,822,600	2,743,818	78,782
2800 Central	1,814,653	1,814,653	1,864,467	(49,814)
2900 Other Support Services	185,679	185,679	194,637	(8,958)
3200 Student Activities	1,681,443	1,681,443	1,628,579	52,864
3300 Community Services	10,581	10,581	18,350	(7,769)
5110 Debt Service	285,000	285,000	657,158	(372,158)
5120 Refund of Prior Years Receipts	-	-	190,021	(190,021)
5200 Interfund Transfers	4,744,160	4,744,160	3,956,720	787,440
Total Expenditures	65,568,340	65,568,340	66,668,535	(1,100,195)
CHANGE IN FUND BALANCE	$ (1,801,928)	$ (1,801,928)	$ (1,225,937)	$ 575,991

As noted earlier, 2020-2021 actual revenues exceeded budgeted revenues by $1,676,186.

2020-2021 actual expenditures were more than budgeted expenditures by $1,100,195.

Capital Assets

The schedule below reflects capital assets owned by the District, net of accumulated depreciation. For comparative purposes, the schedule reflects both the current and the preceding year.

DERRY TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020
CAPITAL ASSETS

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	$ 1,047,274	$ -	$ 1,047,274	$ 1,047,274	$ -	$ 1,047,274
Construction-in-progress	312,156	-	312,156	760,031	-	760,031
Site improvements	3,508,506	-	3,508,506	4,027,927	-	4,027,927
Building and building improvements	64,391,398	-	64,391,398	65,356,374	-	65,356,374
Furniture and equipment	4,296,391	268,677	4,565,068	4,369,426	339,909	4,709,335
	$ 73,555,725	$ 268,677	$ 73,824,402	$ 75,561,032	$ 339,909	$ 75,900,941

Debt

During 2020-2021, the District issued General Obligation Notes Series 2021 and Series 2021 A. The District's credit rating remains steady (Standard & Poor's Underlying AAA) places the District among only a handful of Pennsylvania districts with that rating; no districts are rated higher.

Current Issues

On June 27, 2006, Pennsylvania's governor signed Act 1 of Special Session 2006 into law. This legislation is far-reaching and complex and includes provisions for District property tax reduction funded through gaming revenue, facilitates a tax reduction and possible tax shift though imposition of additional earned income tax or personal income tax, requires voter approval through a "back end referendum" for real estate tax rate increases beyond a state-calculated index and created a Local Tax Study Commission to submit a recommendation to the Board regarding the tax shifting noted above. The Act also requires adoption of a preliminary budget as much as six months earlier than in the past.

The District is required to make contributions to the Pennsylvania State Employees Retirement System (PSERS) which covers substantially all employees. Contribution rates are projected to increase. Historic rates have been as follows:

2013-2014	16.93%
2014-2015	21.40%
2015-2016	25.84%
2016-2017	30.03%
2017-2018	32.57%
2018-2019	33.43%
2019-2020	34.29%
2020-2021	34.51%

The Commonwealth of Pennsylvania provides a subsidy for one-half of the retirement contributions.

Contacting the District's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, staff, investors and creditors with a general overview of the Derry Township School District's finances and to show the Board of School Directors' accountability for the funds the District receives. Questions about this report or requests for additional financial information should be directed to the Business Manager/School Board Secretary at Derry Township School District, 30A East Granada Avenue, Hershey, PA 17033, (717) 534-2501.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 17,156,954	$ 1,090,877	$ 18,247,831
Taxes receivable - net of allowance	422,152	-	422,152
Due from other governments	3,652,205	84,259	3,736,464
Other receivables	301,335	13,415	314,750
Inventories	145,593	78,388	223,981
Prepaid expense	2,437	-	2,437
Note receivable - Township of Derry	202,881	-	202,881
Total current assets	21,883,557	1,266,939	23,150,496
Noncurrent Assets			
Land	1,047,274	-	1,047,274
Construction-in-progress	312,156	-	312,156
Site improvements - net of accum. depreciation	3,508,506	-	3,508,506
Buildings and improvements - net of accum. depreciation	64,391,398	-	64,391,398
Furniture and equipment - net of accum. depreciation	4,296,391	268,677	4,565,068
Beneficial interest in perpetual trust	54,012,098	-	54,012,098
Total noncurrent assets	127,567,823	268,677	127,836,500
Total assets	$ 149,451,380	$ 1,535,616	$ 150,986,996
Deferred Outflows of Resources			
Deferred amounts on pension liability	$ 15,645,256	$ 319,291	$ 15,964,547
Deferred amounts on OPEB liabilities	819,758	16,752	836,510
Deferred amounts related to refunding debt	214,414	-	214,414
Total deferred outflows of resources	$ 16,679,428	$ 336,043	$ 17,015,471
Total assets and deferred outflows of resources	$ 166,130,808	$ 1,871,659	$ 168,002,467

See Notes to Financial Statements.

	Governmental Activities	Business-Type Activities	Totals
Liabilities			
Current Liabilities			
Internal balances	$ 134,377	$ (134,377)	$ -
Accounts payable	1,479,382	93,200	1,572,582
Accrued salaries and benefits	5,294,199	1,478	5,295,677
Payroll deductions and withholdings	459,514	-	459,514
Unearned revenue	11,299	120,052	131,351
Current portion of long-term liabilities	3,706,832	-	3,706,832
Accrued interest payable	120,396	-	120,396
Total current liabilities	11,205,999	80,353	11,286,352
Noncurrent Liabilities			
Net pension liability	100,128,000	2,043,000	102,171,000
General obligation bonds	19,498,254	-	19,498,254
Authority lease obligations	2,384,080	-	2,384,080
Other lease obligations	406,560	-	406,560
Accrued compensated absences	1,371,729	27,100	1,398,829
Other post-employment benefits (OPEB) payable	12,328,063	251,797	12,579,860
Total noncurrent liabilities	136,116,686	2,321,897	138,438,583
Total liabilities	$ 147,322,685	$ 2,402,250	$ 149,724,935
Deferred Inflows of Resources			
Deferred amounts on pension liability	$ 2,540,000	$ 52,000	$ 2,592,000
Deferred amounts on OPEB liabilities	3,608,318	73,619	3,681,937
Total deferred inflows of resources	$ 6,148,318	$ 125,619	$ 6,273,937
Net Position (Deficit)			
Net investment in capital assets	$ 51,515,249	$ 268,677	$ 51,783,926
Restricted	57,096,835	-	57,096,835
Unrestricted deficit	(95,952,279)	(924,887)	(96,877,166)
Total net position (deficit)	$ 12,659,805	$ (656,210)	$ 12,003,595
Total liabilities, deferred inflows of resources and net position	$ 166,130,808	$ 1,871,659	$ 168,002,467

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Function/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Total
Governmental Activities:						
Instruction	$ 42,176,953	$ 223,940	$ 10,784,488	$ (31,168,525)	$ -	$ (31,168,525)
Instructional student support	6,486,845	-	1,101,252	(5,385,593)	-	(5,385,593)
Administrative and financial support services	7,455,920	-	655,631	(6,800,289)	-	(6,800,289)
Operation and maintenance of plant services	7,736,315	25,439	482,328	(7,228,548)	-	(7,228,548)
Pupil transportation	2,920,371	-	642,391	(2,277,980)	-	(2,277,980)
Student activities	1,935,760	174,577	173,033	(1,588,150)	-	(1,588,150)
Community services	19,353	-	1,267	(18,086)	-	(18,086)
Debt service	709,919	-	177,039	(532,880)	-	(532,880)
Total governmental activities	69,441,436	423,956	14,017,429	(55,000,051)	-	(55,000,051)
Business-type Activities:						
Food service	1,107,392	35,654	642,106	-	(429,632)	(429,632)
Granada project	540,426	854,509	-	-	314,083	314,083
Total business-type activities	1,647,818	890,163	642,106	-	(115,549)	(115,549)
Total primary government	$ 71,089,254	$ 1,314,119	$ 14,659,535	$ (55,000,051)	$ (115,549)	$ (55,115,600)
General Revenues and Transfers:						
Property taxes, levied for general purposes				$ 38,251,573	$ -	$ 38,251,573
Act 511 taxes, levied for general purposes				9,376,433	-	9,376,433
State property tax relief allocation				674,204	-	674,204
Investment earnings				11,994,130	1,473	11,995,603
Miscellaneous income				186,715	-	186,715
Transfers				(413,401)	413,401	-
Total general revenues and transfers				60,069,654	414,874	60,484,528
Changes in net position				5,069,603	299,325	5,368,928
Net position (deficit) - July 1, 2020				7,360,685	(955,535)	6,405,150
Prior period adjustment (see Note 1)				229,517	-	229,517
Net position (deficit) - July 1, 2020 (restated)				7,590,202	(955,535)	6,634,667
Net position (deficit) - June 30, 2021				$ 12,659,805	$ (656,210)	$ 12,003,595

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Capital Projects Fund	Permanent Fund	Student Sponsored Activity Fund	Totals Governmental Funds
Assets					
Cash and cash equivalents	$ 10,894,566	$ 6,068,929	$ -	$ 193,459	$ 17,156,954
Taxes receivable - net of allowance	422,152	-	-	-	422,152
Due from other funds	196,702	1,340,000	-	-	1,536,702
Due from other governments	3,652,205	-	-	-	3,652,205
Other receivables	177,186	-	-	-	177,186
Inventories	145,593	-	-	-	145,593
Prepaid expense	2,437	-	-	-	2,437
Note receivable - Township of Derry	202,881	-	-	-	202,881
Beneficial interest in perpetual trust	-	-	54,012,098	-	54,012,098
Total assets	$ 15,693,722	$ 7,408,929	$ 54,012,098	$ 193,459	$ 77,308,208
Liabilities					
Due to other funds	$ 204,792	$ 1,342,138	$ -	$ -	$ 1,546,930
Accounts payable	1,435,264	44,118	-	-	1,479,382
Accrued salaries and benefits	5,294,199	-	-	-	5,294,199
Payroll deductions and withholdings	459,514	-	-	-	459,514
Unearned revenue	11,299	-	-	-	11,299
Total liabilities	7,405,068	1,386,256	-	-	8,791,324
Deferred Inflows of Resources					
Delinquent property taxes	343,571	-	-	-	343,571
Fund Balances					
Nonspendable	171,456	-	54,012,098	-	54,183,554
Restricted	-	6,022,673	-	193,459	6,216,132
Committed	2,884,692	-	-	-	2,884,692
Unassigned	4,888,935	-	-	-	4,888,935
Total fund balances	7,945,083	6,022,673	54,012,098	193,459	68,173,313
Total liabilities, deferred inflows of resources and fund balances	$ 15,693,722	$ 7,408,929	$ 54,012,098	$ 193,459	$ 77,308,208

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds		$ 68,173,313
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of the capital assets is $163,152,079, and the accumulated depreciation is $89,596,354.		73,555,725
Property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred inflows of resources in the funds.		343,571
Deferred inflows and outflows of resources related to pensions are applicable to future periods, and therefore, are not reported within the funds. Deferred inflows and outflows related to the pension are as follows (see footnotes for detail):		
Deferred outflows of resources		15,645,256
Deferred inflows of resources		(2,540,000)
Deferred inflows and outflows of resources related to OPEB are applicable to future periods, and therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):		
Deferred outflows of resources		819,758
Deferred inflows of resources		(3,608,318)
Long-term liabilities, including bonds payable, lease obligations, net pension liability, compensated absences and other post-employment benefits; are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable, net of related discounts and premiums	(22,644,254)	
Deferred amount on refunding of debt	214,414	
Accrued interest payable	(120,396)	
Authority lease obligations	(2,576,151)	
Other lease purchase obligations	(775,321)	
Net pension liability	(100,128,000)	
OPEB liabilities	(12,328,063)	
Accumulated compensated absences	(1,371,729)	(139,729,500)
Total net position - governmental activities		$ 12,659,805

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Permanent Fund	Debt Service Funds	Student Sponsored Activity Fund	Totals Governmental Funds
Revenues						
Local sources	$ 48,632,045	$ 12,969	$ 11,945,458	$ -	$ 82,041	$ 60,672,513
State sources	12,299,794	-	-	-	-	12,299,794
Federal sources	1,986,163	-	-	-	-	1,986,163
Total revenues	62,918,002	12,969	11,945,458	-	82,041	74,958,470
Expenditures						
Instructional	38,149,603	-	-	-	-	38,149,603
Support services	22,068,104	2,091,651	-	56,827	-	24,216,582
Operation of noninstructional services	1,646,929	-	-	-	118,099	1,765,028
Refund of prior year receipts	190,021	-	-	-	-	190,021
Debt service	657,158	-	-	9,316,492	-	9,973,650
Total expenditures	62,711,815	2,091,651	-	9,373,319	118,099	74,294,884
Excess (deficiency) of revenues over expenditures	206,187	(2,078,682)	11,945,458	(9,373,319)	(36,058)	663,586
Other Financing Sources (Uses)						
Interfund transfers in	1,657,716	-	-	3,543,319	-	5,201,035
Interfund transfers out	(3,956,720)	-	(1,657,716)	-	-	(5,614,436)
Issuance of extended term financing	866,880	-	-	-	-	866,880
Issuance of refunding debt	-	-	-	5,830,000	-	5,830,000
Total other financing sources (uses)	(1,432,124)	-	(1,657,716)	9,373,319	-	6,283,479
Net changes in fund balances	(1,225,937)	(2,078,682)	10,287,742	-	(36,058)	6,947,065
Fund balance - July 1, 2020	9,171,020	8,101,355	43,724,356	-	-	60,996,731
Prior period adjustment (see Note 1)	-	-	-	-	229,517	229,517
Fund balances - July 1, 2020 (restated)	9,171,020	8,101,355	43,724,356	-	229,517	61,226,248
Fund balance - June 30, 2021	$ 7,945,083	$ 6,022,673	$ 54,012,098	$ -	$ 193,459	$ 68,173,313

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net changes in fund balances - governmental funds		$ 6,947,065
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and dispositions exceed capital outlays in the current period:		
Capital outlays	2,840,545	
Less net book value of disposed assets	-	
Less depreciation expense	(4,845,852)	(2,005,307)
Some taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount during the year.		(33,482)
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest accrued in the Statement of Activities over the amount due is shown here.		32,699
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds:		
Change in net pension liability, net of deferred resources		(1,997,534)
Change in OPEB liabilities, net of deferred resources		(523,630)
Change in compensated absences		116,191
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of general obligation debt, including bond premium	(5,830,000)	
Issuance of extended term financing	(866,880)	
Repayment of long-term debt	8,731,762	
Amortization of charges for bond refunding	(88,480)	
Amortization of bond premiums and discounts - net	218,438	
Repayment of extended term financing	368,761	2,533,601
Change in net position of governmental activities		$ 5,069,603

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 48,500,807	$ 48,500,807	$ 48,632,045	$ 131,238
State sources	12,432,992	12,432,992	12,299,794	(133,198)
Federal sources	1,088,500	1,088,500	1,986,163	897,663
Total revenues	62,022,299	62,022,299	62,918,002	895,703
Expenditures				
Instruction				
Regular programs	27,483,603	27,479,403	28,369,328	(889,925)
Special programs	8,117,831	8,117,831	8,140,314	(22,483)
Vocational education programs	1,544,842	1,544,842	1,400,931	143,911
Other instructional programs	121,539	121,539	107,046	14,493
Community/junior college education programs	132,242	132,242	131,984	258
Total instruction	37,400,057	37,395,857	38,149,603	(753,746)
Support services				
Pupil personnel	2,340,674	2,340,674	2,360,636	(19,962)
Instructional staff	2,618,994	2,618,994	2,345,751	273,243
Administration	4,015,900	4,020,100	3,802,911	217,189
Pupil health	1,035,326	1,035,326	1,063,498	(28,172)
Business	846,148	846,148	861,080	(14,932)
Operation and maintenance of plant services	5,767,125	5,767,125	6,831,306	(1,064,181)
Student transportation services	2,822,600	2,822,600	2,743,818	78,782
Central	1,814,653	1,814,653	1,864,467	(49,814)
Other support services	185,679	185,679	194,637	(8,958)
Total support services	21,447,099	21,451,299	22,068,104	(616,805)
Operation of noninstructional services				
Student activities	1,681,443	1,681,443	1,628,579	52,864
Community services	10,581	10,581	18,350	(7,769)
Total operation of noninstructional services	1,692,024	1,692,024	1,646,929	45,095
Refund of prior years' receipts	-	-	190,021	(190,021)
Debt service	285,000	285,000	657,158	(372,158)
Total expenditures	60,824,180	60,824,180	62,711,815	(1,887,635)
Excess of revenues over expenditures	1,198,119	1,198,119	206,187	(991,932)
Other Financing Sources (Uses)				
Sale of or compensation for loss of fixed assets	35,000	35,000	-	(35,000)
Interfund transfers in	1,709,113	1,709,113	1,657,716	(51,397)
Interfund transfers out	(4,744,160)	(4,744,160)	(3,956,720)	787,440
Issuance of extended term financing	-	-	866,880	866,880
Total other financing (uses) sources	(3,000,047)	(3,000,047)	(1,432,124)	1,567,923
Net change in fund balance	$ (1,801,928)	$ (1,801,928)	$ (1,225,937)	$ 575,991

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	Food Service Fund	Granada Project Fund	Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 6,455	$ 1,084,422	$ 1,090,877
Due from other funds	-	204,792	204,792
Due from other governments	84,259	-	84,259
Other receivables	13,415	-	13,415
Prepaid expenses	-	-	-
Inventories	78,388	-	78,388
Total current assets	182,517	1,289,214	1,471,731
Noncurrent Assets			
Food service equipment	2,197,282	-	2,197,282
Lease buyout	-	1,629,000	1,629,000
Accumulated depreciation and amortization	(1,928,605)	(1,629,000)	(3,557,605)
Total noncurrent assets	268,677	-	268,677
Total assets	$ 451,194	$ 1,289,214	$ 1,740,408
Deferred Outflows of Resources			
Deferred amounts on pension liability	$ 319,291	$ -	$ 319,291
Deferred amounts on OPEB liabilities	16,752	-	16,752
Total deferred outflows of resources	$ 336,043	$ -	$ 336,043

See Notes to Financial Statements.

	Food Service Fund	Granada Project Fund	Totals
Liabilities			
Current Liabilities			
Due to other funds	$ 70,415	$ -	$ 70,415
Accounts payable	8,967	84,233	93,200
Accrued salaries and benefits	1,478	-	1,478
Unearned revenues	74,990	45,062	120,052
Total current liabilities	155,850	129,295	285,145
Noncurrent Liabilities			
Net pension liability	2,043,000	-	2,043,000
Accrued compensated absences	27,100	-	27,100
OPEB liabilities	251,797	-	251,797
Total noncurrent liabilities	2,321,897	-	2,321,897
Total liabilities	$ 2,477,747	$ 129,295	$ 2,607,042
Deferred Inflows of Resources			
Deferred amounts on pension liability	$ 52,000	$ -	$ 52,000
Deferred amounts on OPEB liabilities	73,619	-	73,619
Total deferred inflows of resources	$ 125,619	$ -	$ 125,619
Net Position (Deficit)			
Net investment in capital assets	$ 268,677	$ -	$ 268,677
Unrestricted (deficit) position	(2,084,806)	1,159,919	(924,887)
Total net (deficit) position	$ (1,816,129)	$ 1,159,919	$ (656,210)

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2021

	Food Service Fund	Granada Project Fund	Total
Operating Revenues			
Food service revenue	$ 35,654	$ -	$ 35,654
Rental income	-	313,763	313,763
CAM income	-	540,746	540,746
Total operating revenues	35,654	854,509	890,163
Operating Expenses			
Salaries	302,374	-	302,374
Employee benefits	259,692	-	259,692
Food and supplies consumed	441,820	-	441,820
Other expenses	32,274	-	32,274
CAM expenses	-	540,426	540,426
Depreciation and amortization	71,232	-	71,232
Total operating expenses	1,107,392	540,426	1,647,818
Operating income (loss)	(1,071,738)	314,083	(757,655)
Nonoperating Revenues			
State subsidies for food service	20,756	-	20,756
State subsidy for social security payments	11,494	-	11,494
State subsidy for retirement payments	50,074	-	50,074
Federal subsidies	515,538	-	515,538
Value of U.S.D.A. commodities	44,244	-	44,244
Investment earnings	-	1,473	1,473
Total nonoperating revenues	642,106	1,473	643,579
Income (loss) before transfers	(429,632)	315,556	(114,076)
Interfund Transfers In	413,401	-	413,401
Changes in net (deficit) position	(16,231)	315,556	299,325
Net Position (Deficit) - July 1, 2020	(1,799,898)	844,363	(955,535)
Net Position (Deficit) - June 30, 2021	$ (1,816,129)	$ 1,159,919	$ (656,210)

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2021

	Food Service Fund	Granada Project Fund	Total
Cash Flows From Operating Activities			
Cash received from users	$ 40,514	$ 1,141,834	$ 1,182,348
Cash payments to employees for services	(519,876)	-	(519,876)
Cash payments for goods and services	(465,763)	(573,678)	(1,039,441)
Net cash provided by (used in) operating activities	(945,125)	568,156	(376,969)
Cash Flows From Noncapital Financing Activities			
State subsidies	80,031	-	80,031
Federal subsidies	453,332	-	453,332
Transfers	413,401	-	413,401
Net cash provided by noncapital financing activities	946,764	-	946,764
Cash Flows From Investing Activities			
Investment earnings	-	1,473	1,473
Net increase in cash and cash equivalents	1,639	569,629	571,268
Cash and Cash Equivalents:			
July 1, 2020	4,816	514,793	519,609
June 30, 2021	$ 6,455	$ 1,084,422	$ 1,090,877
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ (1,071,738)	$ 314,083	$ (757,655)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	71,232	-	71,232
Value of donated commodities	44,244	-	44,244
(Increase) decrease in:			
Other accounts receivable	(2,444)	242,263	239,819
Inventories	12,916	-	12,916
Prepaid expenses	-	6,413	6,413
Deferred outflows of resources	(40,428)	-	(40,428)
(Decrease) increase in:			
Internal balances	(57,796)	(76,749)	(134,545)
Accounts payable	8,967	37,084	46,051
Accrued salaries and benefits	(4,139)	-	(4,139)
Unearned revenues	7,304	45,062	52,366
Accrued compensated absences	(5,774)	-	(5,774)
Net pension liability	98,000	-	98,000
OPEB liabilities	(33,153)	-	(33,153)
Deferred inflows of resources	27,684	-	27,684
Net cash provided by (used in) operating activities	$ (945,125)	$ 568,156	$ (376,969)
Supplemental Disclosure			
Noncash noncapital financing activity			
USDA donated commodities	$ 44,244	$ -	$ 44,244

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

		Private-Purpose Trust Fund
Assets		
Cash and cash equivalents	$	430,905
Investments		1,367,561
Total assets	$	1,798,466
Liabilities		
Due to other funds	$	124,149
Total liabilities	$	124,149
Net Position		
Restricted	$	1,674,317
Total net position	$	1,674,317

See Notes to Financial Statements.

DERRY TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2021

	Private-Purpose Trust Fund
Additions	
Interest earned	$ 804
Contributions	15,059
Unrealized gain on investments	409,765
Total additions	425,628
Deductions	
Scholarships awarded	117,123
Total deductions	117,123
Change in net position	308,505
Net Position:	
July 1, 2020	1,365,812
June 30, 2021	$ 1,674,317

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Derry Township School District (the District), operates a public school system that encompasses one municipality in Dauphin County. The District operates one elementary school, one middle school and one high school. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The governing body of the District is comprised of a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. Funding for the District is received from local, Commonwealth and Federal sources and must comply with the requirements of the various funding source agencies.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative, standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used by the District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the District reviews the applicability of the following criteria:

The District is financially accountable for:

Organizations that make up the legal District entity.

Legally separate organizations if District officials appoint a voting majority of the organizations' governing body and the District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Impose its will: If the District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial benefit or burden: Exists if the District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

Organizations that are fiscally dependent on the District.

Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the District.

Based on the foregoing criteria, the District has no component entities that need to be included in the District's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Joint Ventures: The District is a participant in several joint ventures, each of which is a separate legal entity that offers services to the District and its residents. These entities serve multiple school districts and municipalities, and therefore, are not included in this reporting entity as a component unit. These entities do not have taxing authority, but are required to adopt an annual budget, which is funded primarily by its members and others that use its services.

Dauphin County Area Vocational Technical School: The District is one of seven member school districts of the Dauphin County Technical School (DCTS). The Vo-Tech School provides vocational-technical education to the constituents of all participating school districts. Member school districts are responsible for funding the major portion of the Vo-Tech School's operating budget. For the year ended June 30, 2021, Derry Township School District paid $538,356 for its estimated share of the operating budget. As of June 30, 2021, the Vo-Tech School's General Fund had total assets of $3,565,644 and total liabilities of $2,845,699. As of June 30, 2021, the Vo-Tech School had property and equipment net of accumulated depreciation of $23,166,748, and long-term liabilities of $51,528,715. The Vo-Tech School's outstanding balance on their Series of 2015 bond as of June 30, 2021, is $14,745,000.

Derry Township Tax Collection Association: This Tax Association is a non-profit corporation created by both Derry Township School District and Derry Township to collect occupation privilege taxes and amusement taxes and to assist the elected tax collector in the collection of all real estate and occupation taxes and municipal street light assessments. The Association's expenses are shared equally by both the District and Township, with a contribution from the elected tax collector. During the year ended June 30, 2021, the District paid $227,558 for its estimated share of the operating expenses. As of December 31, 2020, the Tax Association's General Fund had total assets of $166,239 and total liabilities of $7,848, resulting in a total fund balance of $158,391. As of December 31, 2020, the Tax Association had general fund fixed assets net of accumulated depreciation of $9,294.

Capital Area Intermediate Unit: This Intermediate Unit provides support and services to students with special needs that cannot be provided by district staff.

Harrisburg Area Community College: Provides higher education services. All Dauphin County Schools provide support to reduce tuition for district residents who attend full time.

The most recent audited financial statements of these joint ventures are available for inspection at the District's business office.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and Fund Financial Statements, which provide a more detailed level of financial information.

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities, and for the business-type activities of the District. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds for the year ended June 30, 2021:

The General Fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

The Capital Projects Funds are made up of the Capital Reserve Fund as well as the Capital Projects Fund. The Capital Reserve Fund was established by the Board in April 2008, to fund various future school projects. The annual funding level shall be adjusted based on a board approved "capital maintenance/growth plan" and shall not exceed three years of projected expenditures. Expenditures are limited to: capital improvements, replacement of and additions to public works and improvements, for deferred maintenance thereof, and for the purchase or the replacement of school buses, and for no other purpose. The Capital Projects Fund was established by the Board in 2019, and is used to account for and report financial resources that are restricted to expenditures for the acquisition, construction, or improvement of major capital facilities.

The Permanent Fund is a beneficial interest in a perpetual trust. The fund is legally restricted to the extent that only earnings, and not principal, are used for purposes that support the District's programs.

The Debt Service fund accounts for accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

The Student Sponsored Activity Fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publications which do not meet the criteria to be reported as custodial funds per GASB Statement No. 84 *Fiduciary Activities.*

Proprietary Funds focus on the determination of the changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. The District reports the following enterprise funds:

The Food Service Fund accounts for the financial transactions related to food service operations.

The Granada Project Fund accounts for financial transactions related to facility rental operations.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Fiduciary Fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District's only trust funds are private purpose trust funds which account for scholarship programs for students.

D. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the Statement of Net Position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from Federal, State and other grants designated for payment of specific School District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The Board made no supplemental budgetary appropriations throughout the year.

In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported in the fund financial statements as a committed fund balance.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program by program basis by the federal and state funding agencies.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents and Investments: Cash includes all demand deposits, petty cash, savings, money market accounts and Certificates of Deposit owned by the District. Investments include repurchase agreements, investment trusts which mature at a future date, mutual funds and United States Treasury Notes. Investments are stated at fair value. Accrued interest is reflected as "other receivables" on the balance sheet.

The District is authorized by Sec. 440.1 of the Public School Code of 1949, as amended, to invest in United States Treasury Bills, short-term obligations of the United States Government or its agencies and instrumentalities, or in deposits, in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF), to the extent that such accounts are so insured, and for any amounts above the insured maximums, provided that approved collateral as required by provisions of Act No. 72 of the Commonwealth of Pennsylvania are pledged by the depository.

For purposes of these financial statements, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Interfund Balances: On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payable." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Inventory: On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are based upon the latest invoice price, which approximates cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. Inventories of the governmental funds and enterprise fund are expensed when used.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Capital Assets: General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land, land improvements and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and improvements	20-50 years	N/A
Furniture and equipment	5-15 years	5-12 years
Vehicles	8-10 years	N/A

Deferred Outflows of Resources - Pensions: The District recognizes the difference between expected and actual experience, the net difference between project and actual investment earnings, changes in proportion, the difference between employer contributions and proportionate share of total contributions and the contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Other Post-Employment Benefits: The District recognizes the difference between expected and actual experience, changes in assumptions, net difference between projected and actual investment earnings, changes in proportion, the difference between employer contributions and proportionate share of total contributions, benefit payments subsequent to the measurement date and contributions subsequent to the measurement date as deferred outflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow which is a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences: Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments. The compensated absence liability is reported on the government-wide financial statements.

Pensions: Substantially all full-time and qualifying part-time employees of the District participate in a cost sharing, multiple employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Other Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans, the first is a single employer plan administered by the District. The Plan provides retiree health, vision, dental care and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2021, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	$ 7,928,063	$ 161,797	$ 8,089,860
PSERS Cost Sharing Plan	4,400,000	90,000	4,490,000
Total	$ 12,328,063	$ 251,797	$ 12,579,860
Deferred Outflows of Resources			
District's Single Employer Plan	$ 237,758	$ 4,852	$ 242,610
PSERS Cost Sharing Plan	582,000	11,900	593,900
Total	$ 819,758	$ 16,752	$ 836,510
Deferred Inflows of Resources			
District's Single Employer Plan	$ 3,509,318	$ 71,619	$ 3,580,937
PSERS Costs Sharing Plan	99,000	2,000	101,000
Total	$ 3,608,318	$ 73,619	$ 3,681,937

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 12 and 13, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Inflows of Resources - Unearned Revenues: The District recognizes property tax revenues when they become available. Available includes those property taxes expected to be collected within 60 days after year-end. Those property taxes expected to be collected beyond 60 days after year-end are shown as deferred revenue in the fund financial statements. Governmental funds also defer revenues in connection with resources that have been received, but not yet earned.

Deferred Inflows of Resources - Pensions: The District recognizes the difference between expected and actual experience and changes in proportion as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Deferred Inflows of Resources - Other Post-Employment Benefits: The District recognizes the difference between expected and actual experience, changes in assumptions and changes in proportion as deferred inflows of resources. These amounts are amortized over the average remaining service lives of active and inactive members.

Government-wide Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of these assets.

Restricted: Represents amounts with external constraints placed on the use of these resources or imposed through constitutional provisions or enabling legislation. Restricted net position for the governmental activities is composed of the following:

	Amount
Capital improvements	$ 2,891,278
Student sponsored activities	193,459
Beneficial interest in perpetual trust (nonexpendable)	54,012,098
Total restricted net position	$ 57,096,835

There were no restrictions placed on net position for the business-type activities.

Unrestricted: The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not reported in net investment in capital assets or as restricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Note 1. Summary of Significant Accounting Policies (Continued)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Fund Balances: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Represents amounts that cannot be spent either because they are in nonspendable form (such as inventory or prepaids) or because they are legally or contractually required to be maintained intact (such as notes receivable or principal of a permanent fund).

Restricted: Represents amounts with external constraints placed on the use of these resources (such as grantors, bondholders and higher level of government) or imposed through constitutional provisions or enabling legislation.

Committed: Represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned: Represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Business Manager. The District does not have any amounts that are assigned.

Unassigned: Represents amounts that are available for any purpose, reported only in the General Fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expensed is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and unassigned fund balance.

The District's policy is to maintain eight percent (8%) of annual budgeted operating expenditures for the next fiscal year as its maximum general fund unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General Fund	Capital Projects Fund	Student Sponsored Activity Fund	Permanent Fund	Total
Nonspendable					
Inventory	$ 145,593	$ -	$ -	$ -	$ 145,593
Prepaid expenses	2,437	-	-	-	2,437
Note receivable	23,426	-	-	-	23,426
Beneficial interest in perpetual trust	-	-	-	54,012,098	54,012,098
Restricted					
Capital improvements	-	6,022,673	-	-	6,022,673
Student sponsored activities	-	-	193,459	-	193,459
Committed					
Health benefits	2,384,692	-	-	-	2,384,692
Retirement stabilization	500,000	-	-	-	500,000
Unassigned	4,888,935	-	-	-	4,888,935
Total	$ 7,945,083	$ 6,022,673	$ 193,459	$ 54,012,098	$ 68,173,313

Note 1. Summary of Significant Accounting Policies (Continued)

G. Other

Encumbrances: Encumbrances at year-end are reported in the fund financial statements as restricted or committed fund balances since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparation of these financial statements include depreciation, compensated absences, pension-related items and other post-employment benefits. Accordingly, actual results could differ from those estimates.

Restatement of Net Position and Fund Balance Beginning Balances: As of July 1, 2020, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The implementation of GASB No. 84 required the District to report student sponsored activities, previously reported as an agency fund in the fiduciary funds financial statements, as a special revenue fund in the governmental funds financial statements. This change has resulted in a restatement of government-wide net position and governmental fund balance of $229,517.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 14, 2021, the date that the financial statements were available to be issued. See Note 18.

Note 2. Deposits and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by:
    1. The Federal Deposit Insurance Corporation (FDIC), or
    2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
    3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania, or instrumentalities thereof, backed by the full-faith and credit of these political subdivisions
- Shares of investment companies whose investments are restricted to the above categories

The deposit and investment policy of the District adheres to state statutes and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the District.

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank default, the District's investments may not be returned to it. A summary of the District's deposits at June 30, 2021, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	$ 250,000	$ 250,000	First National Bank
Insured (FDIC)	4,057,878	4,057,878	Bryn Mawr Trust
Uninsured, collateralized in accordance with Act 72	14,333,908	14,699,356	First National Bank
	$ 18,641,786	$ 19,007,234	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

Note 2. Deposits and Investments (Continued)

Investments

It is the District's investment policy to optimize its return through investment of cash balances in such a way as to minimize non-invested balances and to maximize return on investments. The primary objectives of investment activities, in priority order, shall be:

1. Legality - All investments shall be made in accordance with applicable laws of Pennsylvania.
2. Safety - Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.
3. Liquidity - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.
4. Yield - Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

At June 30, 2021, the District had no investments with maturities greater than 12 months within the governmental funds.

As of June 30, 2021, the James L. Fillmore Scholarship Trust Fund (contained within the fiduciary fund - private purpose trust fund), to be used to provide scholarships for students to attend the University of Cincinnati, had the following investments:

Investments	Fair Value
Money market fund	$ 28,858
Mutual funds	998,215
Common stock	262,069
Exchange traded funds	107,277
Total investments	$ 1,396,419

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Common Stocks, Mutual Funds and Exchange Traded Funds: The fair value of common stocks and mutual funds are based on closing market prices for the identical security as reported in active markets. These investments are reported at fair value as Level 1 investments under GASB Statement No. 72.

Money Market Funds: Fixed income securities do not always trade on a daily basis so the fair values of each security are dependent upon various pricing models that incorporate benchmark yields, interest rates, credit risk, broker-dealer quotes and other valuation processes. These investments are reported at fair value as a Level 2 investment under GASB Statement No. 72.

Note 3. Beneficial Interest in a Perpetual Trust

The District is named the beneficiary in a perpetual trust, which originated from a bequest by Milton S. Hershey in 1946, and is administered by Fulton Bank, NA. The perpetual trust is to pay income to the District quarterly, and the District is to use the funds for such purpose as determined by the Board. The funds in the trust are restricted and are not available to the District, except for distributions made from the trust to the District per the trust agreement and state law governing perpetual trusts. Assets of the perpetual trust are restricted in the Statement of Net Position and designated as nonspendable in the governmental funds balance sheet. The assets are recorded at fair value. Income less trustee fees and changes in fair value of the perpetual trust are recorded as investment earnings. The following is a summary of the transactions for the year ended June 30, 2021:

		Amount
Balance at July 1, 2020	$	43,724,356
Net investment income		12,119,930
Trustee fees		(174,472)
Transfers to general fund		(1,657,716)
Balance at June 30, 2021	$	54,012,098

The assets of the perpetual trust are categorized as Level 3. Financial assets valued using level 3 inputs are based on significant unobservable inputs and have the lowest priority. According to FASB ASC 820-10-35-58, if an organization will never be able to redeem its investment at the net asset value per share (as in a perpetual trust), the measurement should be categorized as a Level 3 fair value measurement.

Note 4. Property Taxes

Based upon assessed valuations provided by the County, the District bills and collects its own property taxes. The schedule for property taxes levied for 2020-2021, is as follows:

July 1, 2020	Tax levy date
Through August 31, 2020	2% discount
September 1 - October 31, 2020	Face payment period
November 1 - December 31, 2020	10% penalty period
January 1, 2021	Lien filing date

The District's tax rate for all purposes in 2020-2021 was 18.7958 mills ($18.7958 per $1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania's accounting system. Current tax collections for the District were approximately 98% of the total tax levy.

Note 5. Taxes Receivable, Deferred Inflows of Resources, and Estimated Uncollectible Taxes

A summary of the taxes receivable and related accounts at June 30, 2021, are as follows:

	Amount
Uncollected Taxes	$ 2,298,003
Estimated uncollectible taxes	(1,875,851)
Taxes Receivable - Net	$ 422,152
Taxes to be collected within 60 days	$ 78,581
Deferred inflows of resources - delinquent property taxes	343,571
Taxes Receivable - Net	$ 422,152

Note 6. Note Receivable - Township of Derry

In March 2002, the District entered into the Gymnasium Facility Joint Management and Use Agreement with the Township of Derry. This agreement requires that the Township of Derry pay an annual user fee to the District in an amount equal to the proportionate share of the costs in renovating the Granada Gymnasium, together with an interest component equal to the District's cost of funds to finance the construction and financing of the renovations and an annual administrating fee. The Township of Derry's proportionate share of cost for the renovation amounted to $904,440. Interest was to be paid on this amount based on the same interest rate the District incurred on the debt (series of 2012) directly related to this renovation, which ranged from 1.45% to 3.00%.

During the year ended June 30, 2021, the District and the Township of Derry were in the process of finalizing an agreement to terminate the Gymnasium Facility Joint Management and Use Agreement. Due to the pending termination agreement, there were no payments of principal or interest on the note receivable during the year ended June 30, 2021. The termination agreement became effective July 2021, resulting in the entirety of the note receivable to be reported as a current asset as of June 30, 2021. See subsequent event at Note 18 for further information.

Note 7. Interfund Receivables and Payables and Transfers

Individual fund receivable and payable balances at June 30, 2021, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	$ 196,702	$ 204,792
Capital projects	1,340,000	1,342,138
Proprietary Funds		
Food service	-	70,415
Granada project	204,792	-
Fiduciary Fund		
Private purpose trust	-	124,149
	$ 1,741,494	$ 1,741,494

In order to take advantage of higher interest rates, the District holds all of the cash for each fund in one account. They make monthly transfers to cover the expenses of each fund. The balances in the interfund receivables are the amount of cash belonging to that fund in the general fund account.

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances are expected to be repaid within the following year.

Individual fund transfers during the fiscal year ended June 30, 2021, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	$ 1,657,716	$ 3,956,720
Permanent	-	1,657,716
Debt service	3,543,319	-
Proprietary Fund		
Food service	413,401	-
	$ 5,614,436	$ 5,614,436

Transfers and payments within the District are substantially for purposes of funding capital projects and asset acquisitions or maintaining debt service on a routine basis. Transfers are made from the general fund to the food service fund for operation of the school's cafeteria program. Transfers are made from the permanent fund to the general fund for investment earnings of the fund. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Note 8. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
Governmental Activities:				
Capital assets, not being depreciated				
Land	$ 1,047,274	$ -	$ -	$ 1,047,274
Construction-in-progress	760,031	1,473,877	1,921,752	312,156
Total capital assets not being depreciated	1,807,305	1,473,877	1,921,752	1,359,430
Capital assets being depreciated				
Site improvements	10,730,724	-	-	10,730,724
Buildings and building improvements	117,261,982	2,058,278	-	119,320,260
Furniture and equipment	30,515,408	1,230,142	3,885	31,741,665
Total capital assets being depreciated	158,508,114	3,288,420	3,885	161,792,649
Less accumulated depreciation				
Site improvements	6,702,797	519,421	-	7,222,218
Buildings and building improvements	51,905,608	3,023,254	-	54,928,862
Furniture and equipment	26,145,982	1,303,177	3,885	27,445,274
Total Accumulated Depreciation	84,754,387	4,845,852	3,885	89,596,354
Total capital assets being depreciated, net	73,753,727	(1,557,432)	-	72,196,295
Total Governmental Activities, Capital Assets - Net	$ 75,561,032	$ (83,555)	$ 1,921,752	$ 73,555,725
Business-Type Activities				
Capital assets being depreciated				
Equipment	$ 2,197,919	$ -	$ 637	$ 2,197,282
Less accumulated depreciation				
Equipment	1,858,010	71,232	637	1,928,605
Business-Type Activities, Capital Assets - Net	$ 339,909	$ (71,232)	$ -	$ 268,677

Note 8. Capital Assets (Continued)

Depreciation on equipment was charged to functions/programs of the primary government as follows:

	Amounts
Governmental Activities:	
Instruction	$ 3,288,575
Instructional student support	469,607
Administrative and financial support services	477,377
Operation and maintenance of plant services	304,376
Pupil transportation	179,007
Student activities	125,988
Other community services	922
Total governmental activities	4,845,852
Business-Type Activities	
Food service	71,232
Total School District	$ 4,917,084

Note 9. Long-Term Obligations

A summary of the reporting entity's long-term obligations as of June 30, 2021, and transactions during the year then ended follows:

	July 1, 2020	Increases	Decreases	June 30, 2021	Due within one year
Governmental activities:					
Bonds and notes payable					
Series A of 2012	$ 1,855,000	$ -	$ 1,855,000	$ -	$ -
Series of 2015	1,935,000	-	1,935,000	-	-
Series A of 2015	5,605,000	-	2,055,000	3,550,000	1,125,000
Series of 2016	1,725,000	-	410,000	1,315,000	430,000
Series A of 2019	3,010,000	-	975,000	2,035,000	50,000
Series B of 2019	1,555,000	-	-	1,555,000	-
Series C of 2019	8,985,000	-	1,305,000	7,680,000	1,365,000
Series of 2021	-	4,815,000	-	4,815,000	175,000
Series A of 2021	-	1,015,000	-	1,015,000	1,000
Net premium on bonds	897,692	-	218,438	679,254	-
Total bonds and notes payable	25,567,692	5,830,000	8,753,438	22,644,254	3,146,000
Dauphin County Technical School lease obligation	2,772,913	-	196,762	2,576,151	192,071
Other lease obligations	277,202	866,880	368,761	775,321	368,761
Compensated absences	1,487,920	-	116,191	1,371,729	-
Total governmental activities long-term obligations	$ 30,105,727	$ 6,696,880	$ 9,435,152	$ 27,367,455	$ 3,706,832
Business-type activities:					
Compensated absences	$ 32,874	$ -	$ 5,774	$ 27,100	$ -
Total business-type activities long-term obligations	$ 32,874	$ -	$ 5,774	$ 27,100	$ -

General Obligation Bonds - Series A of 2012 - On December 19, 2012, the District authorized the issuance of General Obligation Bonds, Series A of 2012, in the aggregate principal amount of $3,240,000. The proceeds of the bonds were used to provide funds to: (1) fund alterations, additions and renovations to the Hershey Middle School, including a new HVAC system for the middle school, and other various capital improvement projects of the District; (2) pay the costs of issuing the bonds. The Bonds bore interest rates that were not to exceed 2.00%; the initial rate was 0.30%. The bonds were to mature serially in amounts ranging from $5,000 to $805,000 through 2025. On January 25, 2021, the District issued General Obligation Note - Series of 2021 to fully refund these bonds.

General Obligation Bonds - Series of 2015 - On February 19, 2015, the District authorized the issuance of General Obligation Bonds, Series of 2015, in the aggregate principal amount of $9,995,000. The proceeds of the bonds were used to provide funds to: (1) the partial current refunding and redemption of the general obligation bonds, series A of 2010 of the District; and (2) pay the costs of issuing the bonds. The refunding reduced total debt service payments by $722,397 over the next 8 years. This resulted in an economic gain (difference between present value of the debt service payments on the old and new debt) of $686,114. The Bonds bore interest rates that were not to exceed 4.00%; the initial rate was 0.20%. The bonds were to mature serially in amounts ranging from $105,000 to $1,820,000 through 2023. On January 25, 2021, the District issued General Obligation Note - Series of 2021 to fully refund these bonds.

Note 9. Long-Term Obligations (Continued)

General Obligation Bonds - Series A of 2015 - On November 23, 2015, the District authorized the issuance of General Obligation Bonds, Series A of 2015, in the aggregate principal amount of $6,120,000. The proceeds of the bonds were used to provide funds to: (1) advance refund a portion of the outstanding General Obligation Bonds, Series of 2008 of the District; and (2) pay the costs of issuing the bonds. A portion of the proceeds was irrevocably deposited in an escrow fund maintained by Manufacturers and Traders Trust Company. These proceeds were used to purchase certain United States Treasury Securities, which will mature and earn interest to provide for all future debt service on the refunded portion of the Series 2008 bonds. As a result, a portion of the Series 2008 bonds are considered defeased and the District has removed a portion of the liability from its accounts. The outstanding principal of the defeased bonds was $5,875,000 at June 30, 2018, and this amount was paid in full during the year-ending June 30, 2019. The advanced refunding reduced total debt service payments by $712,639 over the next 9 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of $674,897. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 1.00%. The bonds mature serially in amounts ranging from $170,000 to $2,230,000 through 2024. On January 25, 2021, the District issued General Obligation Note - Series of 2021 to partially refund these bonds.

General Obligation Bonds - Series of 2016 - On February 22, 2016, the District authorized the issuance of General Obligation Bonds, Series of 2016, in the aggregate principal amount of $7,200,000. The proceeds of the bonds were used to provide funds for: (1) the current refunding of the general obligation bonds, series of 2011 of the District; and (2) pay the costs of issuing the bonds. The refunding reduced total debt service payments by $269,880 over the next 9 years. This results in an economic gain (difference between present value of the debt service payments on the old and new debt) of $267,605. The Bonds bear interest rates that shall not exceed 4.00%; the initial rate is 0.37%. The bonds mature serially in amounts ranging from $255,000 to $1,360,000 through 2023.

General Obligation Notes - Series A of 2019 - On December 17, 2018, the District authorized the issuance of General Obligation Notes, Series A of 2019, in the aggregate principal amount of $3,310,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series of 2012, of the District; (2) the current refunding of a portion of the outstanding General Obligation Bonds, Series A of 2012, of the District, (3) various capital projects of the District and (4) pay the costs of issuing the notes. The economic loss on the refunding of the 2012, and 2012A bonds was $165,934. The Notes bear interest rates that shall not exceed 4.00%; the initial rate is 1.78%. The notes mature serially in amounts ranging from $10,000 to $1,685,000 through 2026. On January 25, 2021, the District issued General Obligation Bond - Series A of 2021 to partially refund these bonds.

General Obligation Notes - Series B of 2019 - On December 17, 2018, the District authorized the issuance of General Obligation Notes, Series B of 2019, in the aggregate principal amount of $1,555,000. The proceeds of the notes were used to provide funds to: (1) various capital projects of the District and (2) pay the costs of issuing the notes. The Notes bear an interest rate of 3.5%. The notes are not subject to redemption prior to maturity and are scheduled to mature in May 2026.

Note 9. Long-Term Obligations (Continued)

General Obligation Notes - Series C of 2019 - On December 20, 2019, the District authorized the issuance of General Obligation Notes, Series C of 2019, in the aggregate principal amount of $9,030,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series of 2014, of the District and (2) pay the costs of issuing the bonds. The economic gain on the refunding of the 2014 bonds was $421,150. The bonds bear interest rates that shall not exceed 4.00%, the initial rate is 1.20%. The bonds mature serially in amounts ranging from $45,000 to $3,380,000 through 2024.

General Obligation Notes - Series of 2021 - On January 25, 2021, the District authorized the issuance of General Obligation Notes, Series of 2021, in the aggregate principal amount of $4,815,000. The proceeds of the notes were used to provide funds to: (1) the current refunding of the outstanding General Obligation Bonds, Series A of 2012, and Series of 2015, and a portion of the General Obligation Bonds, Series A of 2015, of the District and (2) pay the costs of issuing the notes. The Notes bear an interest rate of 1.38%. The Notes mature serially in amounts ranging from $30,000 to $2,625,000 through 2028.

General Obligation Bonds - Series A of 2021 - On January 25, 2021, the District authorized the issuance of General Obligation Bonds, Series A of 2021, in the aggregate principal amount of $1,015,000. The proceeds of the Bonds were used to advance refund the District's outstanding General Obligation Notes, Series A of 2019 and to pay for the cost of issuance. A portion of the proceeds was irrevocably deposited in a trust with an escrow agent. These proceeds were used to purchase certain United States Treasury Securities, which will mature and earn interest to provide for all future debt service on the refunded portion of the Series A of 2019 bonds. As a result, a portion of the Series A of 2019 bonds are considered defeased and the District has removed a portion of the liability from its accounts. The outstanding principal of the defeased bonds is $910,000 as of June 30, 2021. The economic loss on the refunding of the bonds was $39,914. The Notes bear an interest rate of 1.25%. The bonds mature serially in amounts ranging from $1,000 to $1,010,000 through 2027.

The following is a schedule of principal and interest requirements to service the general long-term debt of the District:

	General Obligation Debt		
Years	Principal	Interest	Total
2021-2022	$ 3,146,000	$ 567,060	$ 3,713,060
2022-2023	3,236,000	474,382	3,710,382
2023-2024	3,336,000	379,093	3,715,093
2024-2025	3,451,000	262,438	3,713,438
2025-2026	3,516,000	193,412	3,709,412
2027-2031	5,280,000	287,664	5,567,664
	$ 21,965,000	$ 2,164,049	$ 24,129,049

Note 9. Long-Term Obligations (Continued)

Lease Obligations - Dauphin County Technical School Lease Obligation

The Board authorized the incurring of lease rental debt in connection with the Dauphin County Technical School, by entering into an agreement of lease and guaranty with Dauphin County Technical School, dated March 15, 2007. The Technical School constructed improvements and renovations and acquired equipment for the Technical School and has financed it by issuing $24,750,000 in School Lease Revenue Bonds, Series of 2007, dated March 15, 2007. These bonds were refinanced by the issuance of Series of 2015, dated March 15, 2015, in the amount of $19,005,000. This debt is supported by the full faith, credit and taxing power of the seven member school districts who participate in the Technical School. Derry Township School District's original share of this debt was $3,170,034, which was based on the market valuation of all taxable real property in each school district.

The following is a schedule of principal and interest requirements to service the Lease Obligations - Dauphin County Technical School Bond requirements of the District:

	Vo-Tech Lease Obligation		
Years	Principal	Interest	Total
2021-2022	$ 192,071	$ 95,827	$ 287,898
2022-2023	200,402	87,757	288,159
2023-2024	208,787	79,291	288,078
2024-2025	218,010	70,381	288,391
2025-2026	227,234	60,974	288,208
2027-2031	1,529,647	145,716	1,675,363
	$ 2,576,151	$ 539,946	$ 3,116,097

Compensated Absences

Under the terms of the District's employment policies, employees are reimbursed for accrued vacation upon retirement or other termination of employment. The reimbursement rate is established by the employment contract and varies by employee classification. In addition, employees are granted sick days per school year, and any unused sick days are permitted to be carried over to future years. Upon retirement from the District, employees are reimbursed for accumulated sick days equal to the number of unused days multiplied by an amount established by the employment contract. The employees are also offered options regarding retirement payouts as prescribed in the contract if certain conditions are met. The total liability for accrued vacation, sick leave and retirement bonuses has been reflected in the Statement of Net Position.

Note 9. Long-Term Obligations (Continued)

Other Lease Obligations

The District leases computers which are located throughout the District. The related lease agreements qualify as capital leases, and accordingly, these transactions are recorded at the present values of related future, minimum lease payments as of the inception date. All lease-purchase obligations are funded by the General Fund.

The assets acquired through capital leases are as follows:

		Amount
Assets		
Computers	$	2,083,736
Less accumulated depreciation		(1,308,415)
Total computers - net book value	$	775,321

The following is a schedule of the future, minimum lease payments due under the lease-purchase obligations as of June 30, 2021:

Years		Amount
2021-2022	$	368,761
2022-2023		230,160
2023-2024		176,400
Total present value of minimum lease payments	$	775,321

Note 10. Operating Lease Commitments

Copier Equipment

On March 1, 2017, the District entered into a five-year lease agreement with Fraser Advanced Information Systems for the lease of copier equipment. Lease rentals totaling $25,640 were paid during the year ended June 30, 2021. Future lease obligations under this commitment are $17,088 through the year ending June 30, 2022.

On September 1, 2014, the District entered into a five-year lease agreement with JGF Funding, LLC for the leasing of copier equipment. Lease rentals totaling $31,979 were paid during the year ended June 30, 2021. This commitment expired during the year ended June 30, 2021.

Note 11. Defined-Benefit Pension Plan

Plan Description

PSERS (Pennsylvania Public School Employees' Retirement System or the System) is a governmental cost sharing multiple employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, are required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a standalone defined contribution plan. PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6%.

Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Note 11. Defined-Benefit Pension Plan (Continued)

Benefits Provided (Continued)

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2021, was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 34.51% rate is composed of a contribution rate of 33.69% for pension benefits and .82% for healthcare insurance premium assistance (OPEB benefits).

Note 11. Defined-Benefit Pension Plan (Continued)

Contributions (Continued)

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2021, was $9,832,087, and is equal to the required contribution for the year. For the year ended June 30, 2021, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of $5,018,736.

Pension Liabilities, Pension Expense, Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of $102,171,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was .2075 percent, which was an decrease of .0004 percent from its proportion measured as of June 30, 2019.

For the year-ended June 30, 2021, the District recognized pension expense of $11,870,320. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 267,000	$ 2,449,000
Net difference between projected and actual investment earnings	4,490,000	-
Changes in proportion	1,286,000	143,000
Difference between employer contributions and proportionate share of total contributions	89,547	-
Contributions subsequent to the measurement date	9,832,000	-
	$ 15,964,547	$ 2,592,000

$9,832,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Total
2022	$ 493,547
2023	420,000
2024	1,288,000
2025	1,339,000
	$ 3,540,547

Note 11. Defined-Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of June 30, 2020, was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level% of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

Investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Private equity	15.0%	7.2%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Note 11. Defined-Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current discount rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	$ 126,407,000	$ 102,171,000	$ 81,640,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Plan Payables

At June 30, 2021, the District has payables to the PSERS pension plan of $3,150,171. This total is composed of staff payroll accruals for retirement contributions.

Note 12. Other Post-Employment Benefits - District's Single Employer Plan

Plan Description, Benefit Terms and Funding Policy

The District provides retiree health, vision and dental care benefits, including prescription drug coverage, to eligible, retired employees and qualified spouses/beneficiaries. This is a single-employer, defined-benefit plan administered by the District. The District funds OPEB on a pay-as-you go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the plan are summarized in the chart below:

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
I. ADMINISTRATORS & ACT 93			
A) Retired prior to July 1, 2016	N/A - Already retired	Coverage: Medical, Prescription Drug, Dental and Vision coverage for Retiree and Spouse (if spouse has no other coverage) Premium Sharing: Fully paid by District	Retiree and Spouse coverage is provided until Retiree is eligible for Medicare or until Retiree's death, whichever is earlier.
B) Retire on or after July 1, 2016	Age 57 with 20 years of PSERS service and 5 years of service within DTSD	Coverage: Medical and Prescription Drug coverage for Retiree and Spouse (if spouse has no other coverage) Premium Sharing: **Group 1 (Principals, Directors, Assistant Superintendent)**: The premium sharing for Medical and Prescription Drug coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate **Group 2 (Admin Support Staff, Computer Techs):** The premium sharing for Medical and Prescription Drug coverage is set at 9% (4.5% if participating in Wellness program) of the previous school year's full COBRA rate.	Same as IA
II. TEACHERS UNION	Age 57 with 20 years of PSERS service and 15 years of service within DTSD	Coverage: Medical, Prescription Drug and Vision (Vison coverage is 30+ years of service with DTSD) coverage for Retiree and Spouse (Spousal Coverage Surcharge may apply) Premium Sharing: The premium sharing for Medical and Prescription Drug coverage is set at 12% (6% if participating in Wellness program) of the previous school year's full COBRA rate Vision coverage is fully paid by the District	Same as IA
III. NON PROFESSIONAL UNION	Act 110/43	Act 110/43	Coverage is provided until Retiree is eligible for Medicare or until Retiree's death, whichever is earlier. Spouse coverage ends at Spouse Medicare eligibility if earlier than above.

Notes:

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reached Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Superannuation Retirement:

1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service of 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.

2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS ervice or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.

3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Coordination with Medicare: Plan benefits pay secondary to Medicare

Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitle to but not yet receiving benefit payments	-
Active employees	409
	423

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of $8,089,860 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	$ 9,847,485
Changes for the year	
Service cost	723,366
Interest	351,487
Differences between expected and actual experience	(473,399)
Changes in assumptions	(2,156,167)
Estimated benefit payments	(202,912)
Net changes	(1,757,625)
Total OPEB Liability, ending	$ 8,089,860

For the year ended June 30, 2021, the District recognized OPEB expense of $759,849. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,170,008
Changes in assumptions	3,608	2,410,929
Benefit payments subsequent to the measurement date	239,002	-
	$ 242,610	$ 3,580,937

Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $239,002 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	Total
2022	$ (315,004)
2023	(315,004)
2024	(315,004)
2025	(315,004)
2026	(315,004)
Thereafter	(2,002,309)
	$ (3,577,329)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%.
- Salary Increases - 2.5% cost of living adjustment, 1% real wage growth and for teachers and administrators a merit increases which varies by age from 2.75 to 0%.
- Discount Rate - 1.86%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2020.
- Health Care Cost Trend Rate - 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024, to 4.0% in 2075, and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are separate and assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Note 12. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the district calculated using the discount rate of 1.86%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (.86%) or one-percentage-higher (2.86%) than the current discount rate:

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
Total OPEB liability	$ 8,670,431	$ 8,089,860	$ 7,532,027

The discount rate used to measure the total OPEB liability decreased from 3.36% as of July 1, 2019, to 1.86% as of July 1, 2020.

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the district calculated using the health care cost trend rates of (5.5% decreasing to 4.0%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 7,148,328	$ 8,089,860	$ 9,200,535

Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan

System Administration

The administrative staff of the Pennsylvania Public School Employees' Retirement System (PSERS or the System) administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The System is a governmental cost sharing, multiple employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania (Commonwealth). The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The control and management of the System, including the investment of its assets is vested in the Board of Trustees (Board). The Commonwealth's General Assembly has the authority to amend the benefit terms of the System by passing bills in the Senate and House of Representatives and sending them to the Governor for approval.

Plan Description and Benefits Provided - Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple employer other post-employment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021, was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $239,309 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of $4,490,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one year reported covered payroll. At June 30, 2020, the District's proportion was .2078 percent, which was a decrease of .0001 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of $253,100. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	$ 41,000	$ -
Changes in assumptions	183,000	99,000
Net difference between projected and actual investment earnings	8,000	-
Changes in proportion	113,000	2,000
Difference between employer contributions and proportionate share of total contributions	8,900	-
Contributions subsequent to the measurement date	240,000	-
	$ 593,900	$ 101,000

Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

$240,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	Amount
2022	$ 46,600
2023	45,600
2024	44,600
2025	68,100
2026	36,000
Thereafter	12,000
	$ 252,900

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation, were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018, determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	(1.0%)
U.S. Core Fixed Income	46.5%	(0.1%)
Non-U.S. Developed Fixed	3.2%	(0.1%)
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 2020.

Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Change in Actuarial Assumptions

The discount rate used to measure the total OPEB liability decreased from 2.79% as of June 30, 2019, to 2.66% as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.66%) or one-percentage-point higher (3.66%) than the current discount rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	$ 5,119,000	$ 4,490,000	$ 3,969,000

Note 13. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7.75%) that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 4,489,000	$ 4,490,000	$ 4,490,000

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Plan Payables

At June 30, 2021, the District has payables to the OPEB plan of $76,674.

Note 14. Commitments

Lease Buyout Commitments

On November 1, 2015, the District terminated its Master Lease Agreement (including all amendments) dated April 17, 2001, with Room One Corporation (ROC). The District paid a termination price in the amount of $1,629,000 to ROC to assume all ROC's rights, duties and obligations under the Master Lease and all subleases and sub-subleases. The termination price of $1,629,000 was fully amortized as of June 30, 2018.

Future payments to ROC will be dependent upon the Lease Agreement with the Milton S. Hershey Medical Center (Hershey Lease). The Hershey Lease requires the District to pay to ROC one half of the Base Rent described in the Hershey Lease until October 31, 2021. These financial statements have reflected these payments to ROC as reduced rental income in the Granada Project Fund.

Note 15. Act 93 Employee Annuity

The District provides all Act 93 employees with a tax sheltered annuity. The District provides a $0.50 contribution to each $1.00 of employee contribution, up to a maximum District contribution of $2,500. The District contributed $37,600 to the plan for the year ended June 30, 2021.

Note 16. Risk Management

The policy of the District is to not purchase health and vision insurance for the risks of losses to which it is exposed. Instead, the District's management policy is that it is more economical to manage its risks internally. The District pays all claims for risk of loss which the District is exposed, including medical, dental, drug and vision claims, which are administered by third parties. The District has purchased stop loss insurance from commercial insurers that will reimburse the District for 100% of all medical claims over $170,000 per year per participant with exceptions. The District will also receive a stop loss reimbursement of 100% for all medical claims which exceed $6,846,471 in the aggregate for the year.

Liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because of delays between the time a claim is incurred, and it is reported to the District for payment, the estimated liability does not necessarily result in an exact amount. A current net liability has been included in accrued salaries and benefits of the General Fund for claims reported but not paid by June 30, 2021, plus accrued teachers summer benefits, which both amount to $328,313. The current year's asset is due to stop loss reimbursements in excess of incurred but not reported claim amounts at year-end. Changes in the District's claims liability (asset) amount for the year ended June 30, 2021, were:

	Amount
Liability (Asset) - beginning of year	$ (63,294)
Current year claims and changes in estimates	5,878,244
Less - claim payments	(5,486,637)
Liability (Asset) - end of year	$ 328,313

The District continues to carry commercial insurance for all other risks of loss, including workers compensation, liability and property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COVID-19 Pandemic

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have impacted the operations and finances of school districts. Changes in service approach, labor and personnel changes, facility closings, contracted service disruptions, personal protective equipment purchases, and technological equipment acquisitions have affected all school districts. Unstable conditions enhance school district's risk factors as they have significant reliance on revenues from taxpayers and governmental agencies to fund their operations. These factors impact revenue recognition, cash flows and liquidity, and contingencies. Presently, the ultimate, effects of this crisis on financial position, results of operations and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

Note 17. Contingent Liabilities

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District is involved in various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be covered under the District's professional liability insurance policy and would not have a material effect on the financial position of the District.

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note 18. Subsequent Events

Gymnasium Facility Joint Management Agreement Termination

On July 26, 2021, the District entered into an agreement with Derry Township to terminate the existing agreement surrounding the Township's management and use of the gymnasium that is a portion of the Milton S. Hershey Middle School Complex that is owned by the District. Termination of the agreement resulted in a total payment of $23,426 to be paid by the Township to the District for the remaining of the outstanding note receivable of $210,043 that was established as part of the original agreement less $186,617, which was the amount the District owed the Township and its police department for use of a School Resource Officer.

REQUIRED SUPPLEMENTARY INFORMATION

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30,

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2075%	0.2079%	0.2057%	0.2010%	0.1986%	0.1945%	0.1941%
District's proportionate share of the net pension liability	$ 102,171,000	$ 97,261,000	$ 98,746,000	$ 99,271,000	$ 98,420,000	$ 84,248,000	$ 76,826,271
District's covered payroll	$ 29,160,738	$ 28,675,998	$ 27,704,050	$ 26,765,017	$ 25,724,950	$ 25,960,380	$ 25,071,493
District's proportionate share of net pension liability as a percentage of its covered payroll	350.37%	339.17%	356.43%	370.90%	382.59%	324.53%	306.43%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS

Year Ended June 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 9,832,087	$ 9,732,247	$ 9,341,769	$ 8,807,160	$ 7,827,296	$ 6,490,095	$ 5,139,656	$ 4,142,852	$ 2,909,242	$ 2,094,002
Contributions in relation to the contractually required contribution	(9,832,087)	(9,732,247)	(9,341,769)	(8,807,160)	(7,827,296)	(6,490,095)	(5,139,656)	(4,142,852)	(2,909,242)	(2,094,002)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 29,192,061	$ 29,282,177	$ 28,770,520	$ 27,758,265	$ 25,724,950	$ 25,960,380	$ 25,071,493	$ 25,892,825	$ 25,297,757	$ 26,175,025
Contributions as a percentage of covered payroll	33.68%	33.24%	32.47%	31.73%	30.43%	25.00%	20.50%	16.00%	11.50%	8.00%

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN
Year Ended June 30,

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 723,366	$ 725,598	$ 733,487	$ 740,774
Interest	351,487	296,918	319,081	246,678
Differences between expected and actual experience	(473,399)	-	(952,930)	-
Changes in assumptions	(2,156,167)	(295,392)	4,691	(238,941)
Benefit payments	(202,912)	(256,866)	(410,001)	(505,336)
Net change in total OPEB liability	(1,757,625)	470,258	(305,672)	243,175
Total OPEB Liability - beginning	9,847,485	9,377,227	9,682,899	9,439,724
Total OPEB Liability - ending	$ 8,089,860	$ 9,847,485	$ 9,377,227	$ 9,682,899
District's covered payroll	$ 26,015,946	$ 24,914,381	$ 24,914,381	$ 24,053,671
Total OPEB Liability as a percentage of covered payroll	31.10%	39.53%	37.64%	40.26%

Notes to Schedule:

Changes in assumptions: The discount rate changed from 3.36% to 1.86%. The trend assumption was updated. The percentage of eligible retirees electing coverage changed from 80% to 50% for Teachers.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
PSERS COST SHARING PLAN
Year Ended June 30,

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.2078%	0.2079%	0.2057%	0.2010%
District's proportionate share of the net OPEB liability	$ 4,490,000	$ 4,422,000	$ 4,289,000	$ 4,095,000
District's covered payroll	$ 29,160,738	$ 28,675,998	$ 27,704,050	$ 26,765,017
District's proportionate share of net OPEB liability as a percentage of its covered payroll	15.40%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DERRY TOWNSHIP SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS - PSERS COST SHARING PLAN
Year Ended June 30,

	2021	2020	2019	2018
Contractually required contribution	$ 239,309	$ 244,397	$ 237,843	$ 230,307
Contributions in relation to the contractually required contribution	(239,309)	(244,397)	(237,843)	(230,307)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 29,192,061	$ 29,282,177	$ 28,770,520	$ 27,758,265
Contributions as a percentage of covered payroll	0.82%	0.83%	0.83%	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

SUPPLEMENTARY INFORMATION

DERRY TOWNSHIP SCHOOL DISTRICT

COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
June 30, 2021

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Assets			
Cash and cash equivalents	$ 1,791,395	$ 4,277,534	$ 6,068,929
Due from other funds	1,340,000	-	1,340,000
Total assets	$ 3,131,395	$ 4,277,534	$ 7,408,929
Liabilities			
Accounts payable	$ -	$ 44,118	$ 44,118
Due to other funds	-	1,342,138	1,342,138
Total liabilities	-	1,386,256	1,386,256
Fund Balances			
Restricted	3,131,395	2,891,278	6,022,673
Total fund balances	3,131,395	2,891,278	6,022,673
Total liabilities and fund balances	$ 3,131,395	$ 4,277,534	$ 7,408,929

DERRY TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS

Year Ended June 30, 2021

	Capital Projects Fund	Capital Reserve Fund	Total Capital Projects Fund
Revenues			
Local sources	$ 5,007	$ 7,962	$ 12,969
Total revenues	5,007	7,962	12,969
Expenditures			
Support services	20	2,091,631	2,091,651
Total expenditures	20	2,091,631	2,091,651
Net changes in fund balances	4,987	(2,083,669)	(2,078,682)
Fund Balances - July 1, 2020	3,126,408	4,974,947	8,101,355
Fund Balances - June 30, 2021	$ 3,131,395	$ 2,891,278	$ 6,022,673

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of School Directors
Derry Township School District
Hershey, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Derry Township School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Derry Township School District's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Derry Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Derry Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Derry Township School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Derry Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Camp Hill, Pennsylvania
December 14, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

Board of School Directors
Derry Township School District
Hershey, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Derry Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Derry Township School District's major federal programs for the year ended June 30, 2021. Derry Township School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Derry Township School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Derry Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Derry Township School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Derry Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Derry Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Derry Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Derry Township School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Camp Hill, Pennsylvania
December 14, 2021

DERRY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year ended 2021

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ____ Yes __X__ No
- Significant deficiency (ies) identified that is not considered to be a material weakness (es)? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? _____ Yes __X__ No
- Significant deficiency (ies) identified that is not considered to be a material weakness (es)? _____ Yes __X__ None Reported

Type of auditor's report issued on compliance for the major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)3? _____ Yes __X__ No

DERRY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs $750,000

Auditee qualified as low-risk auditee? X Yes ___ No

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

Section III -- Federal Award Findings and Questioned Costs

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

B. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance.

DERRY TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2020	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2021	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-20-0118	19-20	$ 580,848	$ (56)	$ (56)	$ -	$ -	$ -	$ -
Title I - Grants to Local Educational Agencies	84.010	013-21-0118	20-21	$ 587,387	587,387	-	587,387	587,387	-	-
					587,331	(56)	587,387	587,387	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-20-0118	19-20	$ 115,594	8,490	8,490	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-21-0118	20-21	$ 123,707	125,148	-	123,707	123,707	(1,441)	-
					133,638	8,490	123,707	123,707	(1,441)	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-20-0118	19-20	$ 50,267	10,771	10,771	-	-	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-21-0118	20-21	$ 44,051	44,051	-	44,051	44,051	-	-
					54,822	10,771	44,051	44,051	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	FA-200-20-0118	20-21	$ 477,076	477,076	-	477,076	477,076	-	-
COVID-19 - Impact Mitigation Grant (SECIM)	84.027	FA-252-20-0118	20-21	$ 18,550	6,183	-	6,183	6,183	-	-
Total passed through the Pennsylvania Department of Education					1,259,050	19,205	1,238,404	1,238,404	(1,441)	-
Passed through the Pennsylvania Commission on Crime & Delinquency										
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	2020-ES-01-35307	20-21	$ 108,186	-	-	108,186	108,186	108,186	-
Total passed through the Pennsylvania Commission on Crime & Delinquency					-	-	108,186	108,186	108,186	-
Passed through the Capital Area Intermediate Unit										
Special Education Cluster (IDEA)										
Special Education Grants to States	84.027	062-190015	19-20	$ 386,179	386,179	386,179	-	-	-	-
Special Education Grants to States	84.027	062-200015	20-21	$ 400,454	-	-	400,454	400,454	400,454	-
					386,179	386,179	400,454	400,454	400,454	-
Special Education Preschool Grants	84.173	131-200015	19-20	$ 4,000	4,000	4,000	-	-	-	-
Special Education Preschool Grants	84.173	131-200015	20-21	$ 3,136	-	-	3,136	3,136	3,136	-
					4,000	4,000	3,136	3,136	3,136	-
Total Special Education Cluster passed through the Capital Area Intermediate Unit					390,179	390,179	403,590	403,590	403,590	-
Total U.S. Department of Education					1,649,229	409,384	1,750,180	1,750,180	510,335	-

(Continued)

DERRY TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2021

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2020	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue June 30, 2021	Provided to Subrecipients
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare										
Medicaid Cluster										
Medical Assistance Program: Title XIX	93.778	N/A	18-19	N/A	10,748	-	10,748	10,748	-	-
Total Medicaid Cluster					10,748	-	10,748	10,748	-	-
Total U.S. Department of Health and Human Services					10,748	-	10,748	10,748	-	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	19-20	N/A	6,540	6,540	-	-	-	-
School Breakfast Program	10.553	N/A	20-21	N/A	128,809	-	150,820	150,820	22,011	-
					135,349	6,540	150,820	150,820	22,011	-
National School Lunch Program	10.555	N/A	19-20	N/A	12,368	12,368	-	-	-	-
National School Lunch Program	10.555	N/A	20-21	N/A	305,615	-	364,717	364,717	59,102	-
					317,983	12,368	364,717	364,717	59,102	-
Total passed through the Pennsylvania Department of Education					453,332	18,908	515,537	515,537	81,113	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	19-20	N/A	44,244 (a)	(11,901) (b)	44,244	21,817 (c)	(34,328) (d)	-
Total U.S. Department of Agriculture					497,576	7,007	559,781	537,354	46,785	-
U.S. Department of Treasury										
Passed through the Pennsylvania Commission on Crime & Delinquency										
COVID-19 - Coronavirus Relief Fund	21.019	2020-CS-01-34042	20-21	$ 250,338	250,338	-	250,338	250,338	-	-
Total U.S. Department of Treasury					250,338	-	250,338	250,338	-	-
Total Expenditures of Federal Awards					$ 2,407,891	$ 416,391	$ 2,571,047	$ 2,548,620	$ 557,120	$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					$ 497,576	$ 7,007	$ 559,781	$ 537,354	$ 46,785	$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					$ 396,362	$ 390,179	$ 409,773	$ 409,773	$ 403,590	$ -
Education Stabilization Fund (Assistance Listing Numbers - 84.425					$ 477,076	$ -	$ 585,262	$ 585,262	$ 108,186	$ -

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal award activity of the District's under programs of the Federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Access Program

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule, for the year ended June 30, 2021, was $378,487.

DERRY TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended June 30, 2021

There were no prior year's audit findings.